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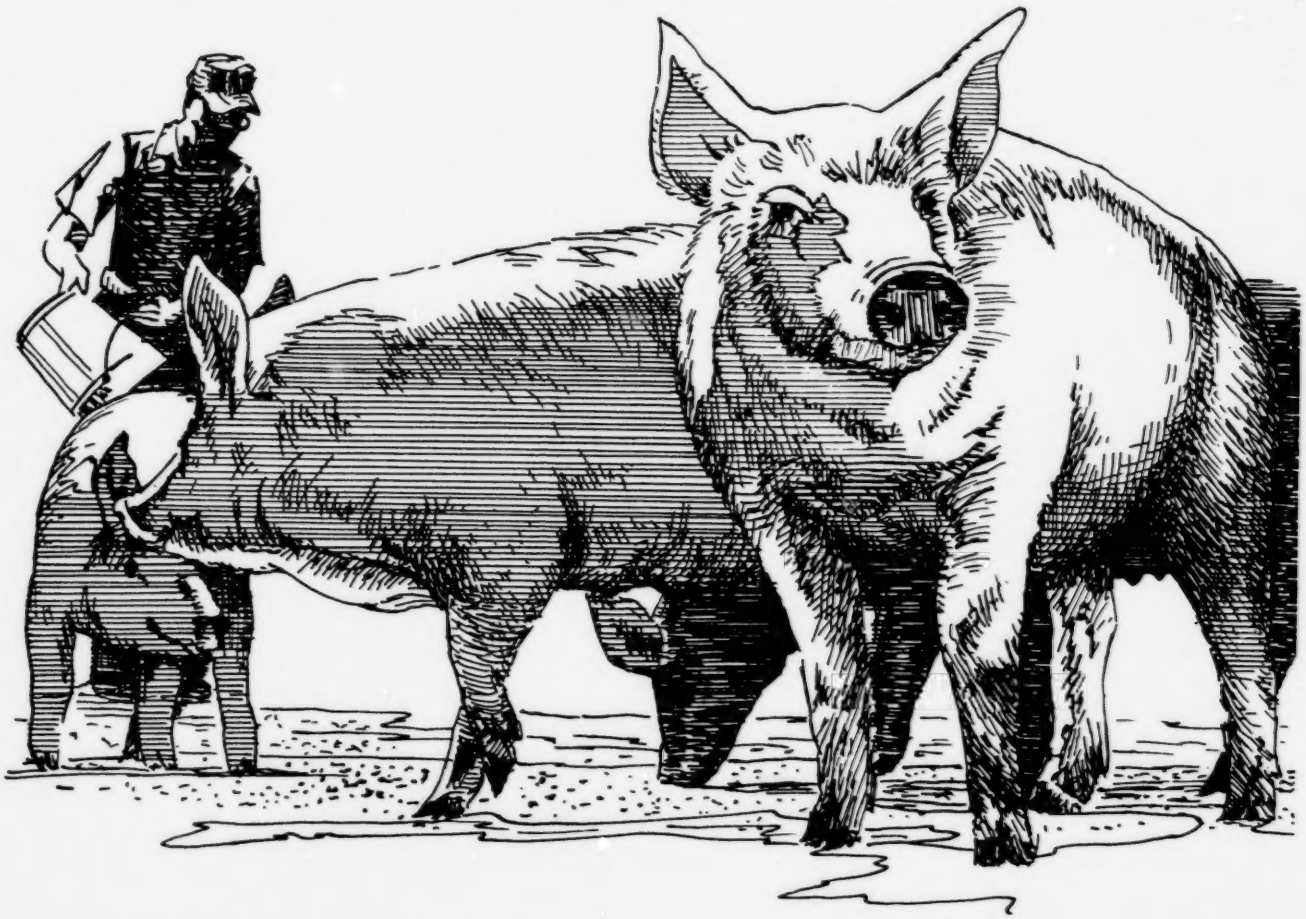
Swine Farm Business Summary

1987



SOW WEANLING

PREFACE

The 1987 Nova Scotia Swine Farm Business Summary for the Sow-Weanling Enterprise is a synopsis of the business performance of seven (7) Nova Scotia swine farms.

The farms used in this summary were not selected on a random sample basis. Participating farmers volunteered their data for use in the summary. Therefore, care should be exercised in the interpretation of the results shown in the various tables of the summary.

Despite this limitation, farmers can compare their individual results with group average figures for farms with similiar characteristics. Such comparison can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmers own records and comparison of these from one year to the next.

We gratefully acknowledge the co-operation of the swine producers who participated in this summary

We further acknowledge the efforts of Pamela Fraser and Peter Dekker who gathered the data; Debbie Freeman who prepared it for this summary; and Tracey Mitchell for the secretarial work.

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INTRODUCTION

The Nova Scotia Swine Farm Business Summary for the Sow-Weanling Enterprise is designed to provide bench mark information that can be used to compare the financial strengths and weaknesses of individual swine farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analyzing the farm business, youshould ask meaningful questions regarding the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your business. The profit picture of your business should also be improved by identifying the weaknesses and taking corrective action.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. Each of you should identify these and then compare your performance in achieving these objectives.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This is perhaps the best comparison. Have you progressed in reaching the goals you have set for your farm business?

- You can compare your performance with group average data for farms of similar size and general characteristics. This report should be useful in this regard.

- You can compare your performance to that found by research - realizing that the research data was obtained under a special set of conditions.

RECEIPTS

Receipts from the sale of hogs accounted for 99.0 percent of Total Farm Receipts. Weanling sales were 84.3 percent, cull sows and boars 7.7 percent, market hogs 6.5 percent, and other hogs 1.5 percent of this amount.

Total Farm Receipts averaged $147,847. on a per farm basis, or $957. on a per sow basis.

TABLE 1: RECEIPTS

ITEM	PER FARM	PER SOW
Weanlings	$ 123,472.	$ 800.
Market Hogs	9,458.	61.
Other Hogs	2,210.	14.
Cull Sows	10,787.	70.
Cull Boars	496.	3.
TOTAL HOG RECEIPTS	$ 146,422.	$ 948.
Subsidies	1,353.	9.
Other Income	72.	0.
TOTAL FARM RECEIPTS	$ 147,847.	$ 957.

EXPENSES

Purchased feed was the largest single item and accounted for 54.0 percent of Cash Expenses. In dollar terms, feed costs were $425. on a per sow basis, or $65,577. on a per farm basis. This translates into $22.09 per weaner.

Other major cash expenses (on a per sow basis) were hired labour at $99., swine purchases at $91., utilities at $50. and building repairs and maintenance at $25..

TABLE 2: EXPENSES

ITEM	PER FARM	PER SOW
Purchased Feed	$ 65,577.	$ 425.
Swine Purchased	14,130.	91.
Hired Labour	15,319.	99.
Bedding	952.	6.
Vet & Drugs	2,392.	15.
Hog Supplies	1,789.	12.
Marketing Costs	389.	3.
Utilities	7,660.	50.
Taxes	724.	5.
Insurance	1,388.	9.
Building Repairs	3,859.	25.
Machinery & Equipment Expense	2,714.	18.
Auto Expense	1,086.	7.
Interest - Operating	2,171.	14.
Miscellaneous	1,279.	8.
Other Non-Hog Expenses	0.	0.
TOTAL CASH EXPENSES	$ 121,429.	$ 786.

INCOME SUMMARY

Income is one of the key factors studied, when analyzing a farm business. Two (2) measures of income are summarized in the table below.

Net Cash Income refers to the difference between Farm Receipts and Cash Expenses. Net Cash Income averaged $26,418. per farm or $171. on a per sow basis.

Net Farm Income is the difference between Farm Receipts and Cash Expenses with adjustments made for Inventory Change, Depreciation and Interest on Capital Loans. Net Farm Income averaged $11,272. per farm or $73. per sow.

TABLE 3: INCOME SUMMARY

ITEM	PER FARM	PER SOW
Total Farm Receipts	$ 147,847.	$ 957.
Total Cash Expenses	121,429.	786.
NET CASH INCOME	$ 26,418.	$ 171.
Plus: Inventory Change	$ 1,783.	$ 12.
Less: Depreciation	9,358.	61.
Interest on Capital Loans	7,571.	49.
NET FARM INCOME	$ 11,272.	$ 73.

AVERAGE COST OF PORK PRODUCED

The average cost of producing pork was $2.32 per kg. ($1.05 per lb.) on a liveweight basis.

Note that this cost figure does not include a value for operator labour or interest on equity. It is a measure of the cost at the Net Farm Income level. Nothing has been added for what are traditionally called "Opportunity Costs".

TABLE 4: AVERAGE COST OF PORK PRODUCTION

ITEM	PER FARM	PER SOW
Total Farm Expenses	$ 138,358.	$ 896.
Plus: Inventory Change	-1,783.	-12.
Less: Cull Sales	11,283.	73.
Other Income	72.	0.
TOTAL COSTS	$ 125,220.	$ 811.
Total pork produced (Kgs)	54,002	350
Average Cost of Production ($)	2.32	2.32

COST ANALYSIS

Purchased feed was the largest single cost item, accounting for 47.4 percent of Total Cost. Other major expenses were hired labour at 11.1 percent, depreciation at 6.8 percent, swine purchased at 10.2 percent, and utilities at 5.5 percent of Total Cost. Total Interest accounted for 7 percent of Total Cost.

TABLE 5: COST ANALYSIS

ITEM	PERCENT OF TOTAL
Purchased Feed	47.4 %
Swine Purchased	10.2
Hired Labour	11.1
Bedding	.7
Vet & Drugs	1.7
Hog Supplies	1.3
Marketing Costs	.3
Utilities	5.5
Taxes	.5
Insurance	1.0
Building Repairs	2.8
Machinery & Equipment Expense	2.0
Auto Expense	.8
Interest - Operating	1.6
Miscellaneous	.9
Other Non-Hog Expenses	.0
Depreciation	6.8
Interest - Capital Loans	5.5
TOTAL	100.0 %

PRODUCTION ANALYSIS

The average size of the units in this study was 154 sows. Production averaged 2.06 litters per sow per year.

Total pigs born per sow were 22.56 pigs and 18.11 were weaned. Suckling mortality averaged 4.62 pigs per sow or 20.48 percent of all pigs born.

TABLE 6: PRODUCTION ANALYSIS

ITEM	PER FARM	PER SOW
Number of Sows	154	1.00
Number of Boars	9	.06
Number of Litters	319	2.06
Pigs Born	3,484	22.56
Pigs Born Alive	3,263	21.13
Pigs Weaned	2,797	18.11
Pigs Born Per Litter	10.94	-
Pigs Born Alive per Litter	10.24	-
Pigs Weaned per Litter	8.78	-
Suckling Mortality (#)	713	4.62
Suckling Mortality (%)	20.48	-
Weanlings Sold	2,584	16.74
Gilts Kept for Replacement	11	.07
Market Hogs Sold	72	.47
Other Hogs Sold	11	.07
Inventory Change	-6	-.04
Inventory Adjustment	62	.40
Purchases	61	.39
Feeder Hog Mortality (#)	62	.40
Feeder Hog Mortality (%)	2.24	.01

PRODUCTION ANALYSIS

A number of production coefficients provide additional information about the sow-weanling enterprise. Average weight per weanling sold was 17 kilograms (37.4 lbs.) while the average price received per weanling was $47.78 ($2.81 per kg.).

Feed consumption per weanling produced averaged .70 kgs. of creep, 19.73 kgs. of starter, and 60.49 kgs. of sow & boar feed for a total of 86.52 kgs. of feed for a total cost of $ 22.09 per weanling.

Cull rate on sows averaged 38.02 percent, and for each man equivalent of labour available, 84 sows were maintained.

TABLE 7: PRODUCTION ANALYSIS

ITEM	UNIT	PER FARM
Ave. Weight per Weanling Sold	(kgs)	17
Ave. Return per Weanling	($)	47.78
Sow Mortality	(%)	4.53
Cull Rate on Sows	(%)	38.02
Labour Man Equivalents	(#)	1.83
Sows Kept per Man Equivalent	(#)	84
Total Sales per Man Equivalent	($)	80,854
Weanlings Produced per Man Equivalent	(kgs)	23,566
Creep per Weanling	(kgs)	.70
Creep Cost per Weanling	($)	.45
Starter per Weanling	(kgs)	19.73
Starter Cost per Weanling	($)	7.22
Creep & Starter per Weanling	(kgs)	20.43
Creep & Starter Cost per Weanling	($)	7.68
Sow & Boar Feed per Weanling	(kgs)	60.49
Sow & Boar Feed Cost per Weanling	($)	14.42
Total Feed per Weanling	(kgs)	86.52
Total Feed Cost per Weanling	($)	22.09
Creep Cost per Tonne	($)	653.07
Starter Cost per Tonne	($)	366.13
Sow & Boar Feed Cost per Tonne	($)	238.32
Feed per Sow & Boar	(kgs)	1045.44

SUMMARY

The 1987 Nova Scotia Farm Business Summary for Sow-Weanling operations provides some basic information and statistics on the costs and returns associated with the sow-weanling enterprise on Nova Scotia farms. While not based on a statistically sound sample of swine farms, the summary can be used, with care, to assist in the analysis of the swine enterprise by providing group average data for comparison purposes.

The following items can be noted in reviewing the information contained in this summary:

- Average farm size measured in terms of sow numbers was 154.
- Average litters per sow was 2.06.
- Average pigs weaned per sow per year was 18.11.
- Average sales of weanlings per sow per year was 16.74.
- Average weanling sale weight was 17 kilograms (37.4 lbs.).
- Average feed consumed per weanling was 86.52 kilograms, including sow and boar feed.
- Average price received per weanling was $47.78 ($2.81 per kg.).
- Average cost of production per kilogram was $2.32.
- Average net farm income per sow was $73.

In compiling data for this summary, extreme variation among farms was noted. This variation was observed in many of the costs, returns and management factors.

Below, we outline a number of the variations.

- Net Farm Income per sow had a range of $179. between the highest and lowest.
- Feed costs per sow had a range of $174.
- Feed cost as a percent of total costs varied between 36.7 and 64.6 percent.
- Kilograms of creep and starter feed per weanling varied as much as 10.43 kilograms.
- Total feed fed per weanling varied as much as 47.11 kilograms.

- Pigs weaned per sow varied as much as 4.24 pigs per year.

- Sows kept per man equivalent had a range of 81 sows between the highest and lowest sows per man.

It is difficult to isolate specific characteristics that result in a profitable sow unit with such wide variation in many of the costs, returns, and production factors. It would appear, however, that a number of the key factors of production outlined above such as production per unit, cost control, efficient use of capital and labour, are of significant importance in determining the success of the farm unit.

Those operators who successfully combined these factors of production in the operation and management of their farm units achieved a return to their labour, capital and management skills.